

Since President Bush took office in January 2001, real incomes have fallen while costs have soared, creating a middle-class economic squeeze. A new report prepared for Democratic Leader Nancy Pelosi and Rep. Henry A. Waxman finds that working families have seen their real income drop by almost \$1,300 since 2000, while the costs of health insurance, gasoline and home heating, and attending college have increased by almost \$5,000 annually.

- **Real incomes for middle-class families have declined.** For the median family, real annual incomes have declined from \$47,599 in 2000 to \$46,326 in 2005, a drop of 2.7%. For working-age families - those headed by adults younger than 65 - the decline has been even steeper. For these families, median annual incomes have declined from \$55,284 in 2000 to \$52,287 in 2006, a drop of 5.4%
- **Prices for health insurance, energy, and education have risen rapidly.** Three key expenses for middle-class families are the costs of health insurance, energy, and college education. In all three areas, price increases have outstripped inflation. In real terms, the cost of health insurance has increased 48%, the cost of gasoline has increased 57%, and the cost of college education has increased 39% since 2000.
- **The middle class is being squeezed.** The combination of declining real incomes and increasing expenses reduces the standard of living for the middle class. In real terms, health insurance costs have increased by nearly \$900, gasoline and other energy costs have increased by over \$2,300, and college education costs have increased by over \$1,500 since 2000. The median U.S. family facing these three expenses would have seen its real income drop by almost \$1,300 since 2000, while its real expenses would have increased by almost \$5,000.

Documents and Links

- [The Middle Class Squeeze](#)